

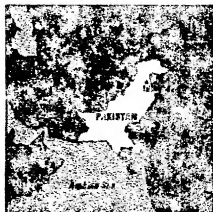
# background notes

# Pakistan



United States Department of State  
Bureau of Public Affairs

March 1987



**Official Name:**  
Islamic Republic of Pakistan

## PROFILE

### Geography

Area: 803,943 sq. km. (310,597 sq. mi.), about the size of California. **Capital:** Islamabad (pop. 400,000), combined with adjacent Faisalpindi, makes up a national capital area with a population in excess of 1.2 million; Karachi 2 million; Lahore 2.5 million; Faisalabad 2 million.

### People

**Nationality:** Muslim and other—Pakistanis. **Population** (mid-1986): 97.7 million. **Annual growth rate** (mid-1980s): 3.1%. **Density:** 121 per sq. km. (315 per sq. mi.). **Religions:** Punjabi, Sindhi, Pathan, Baluch, Muhajirs (i.e., Urdu-speaking Indian refugees). **Religions:** Muslim 97%; small minorities of Christians, Hindus, and others. **Languages:** Urdu (official), English, Punjabi, Sindhi,

Pushtu, Baluchi. **Education:** *Literacy*—26%. **Health:** *Infant mortality rate* (1983)—119/1000. **Life expectancy**—51 yrs. **Work force:** *Agriculture*—53%. *Industry*—13%.

### Government

**Type:** Parliamentary democracy in a federal setting. **Independence:** August 15, 1947.

**Branches:** *Executive*—president/prime minister, Cabinet. *Legislative*—Senate and National Assembly. *Judicial*—provincial high courts, Supreme Court; also an Islamic (Shariat) court system.

**Political parties** (mid-1986): 17 parties registered under the Political Parties Act, as amended in 1985. Party activity was banned during the 1977-85 martial law period. Although some opposition parties have refused to register—and are thus ineligible to contest elections—all parties have resumed political activity since martial law was lifted. **Suffrage:** Universal adult over 18; religious minorities and women vote for special reserved seats.

**Subdivisions:** Four provinces—Punjab, Sind, Northwest Frontier, Baluchistan—each with a provincial parliamentary system; Northern Areas; Tribal Areas; federal capital.

**Flags:** White vertical band on staff side; green field with white crescent and star in center.

### Economy

**GDP** (Pakistan FY July-June 1985-86): \$32.33 billion. **Annual growth rate:** 1978-79-1984-85, 7.0%; 1985-86, 7.3%. **Per capita GDP:** \$331. **Per capita growth rate** (1985-86): 4.2%.

**Natural resources:** Arable land, natural gas, limited petroleum, substantial hydropower potential, coal, iron ore.

**Agriculture** (25% of GDP): *Products*—wheat, cotton, rice, sugarcane.

**Industry** (20% of GDP): *Types*—textiles, fertilizer, steel products, food processing, oil and gas products.

**Trade** (Pakistan FY 1985-86):

**Exports**—\$3 billion: raw cotton, rice, cotton yarn, textiles, petroleum products, fruits and vegetables. **Major partners**—Japan, US, UK, Saudi Arabia, FRG. **Imports**—\$6.0 billion: crude oil, edible oil, fertilizers, tea. **Major partners**—Japan, US, Saudi Arabia, Malaysia, UK, Sri Lanka.

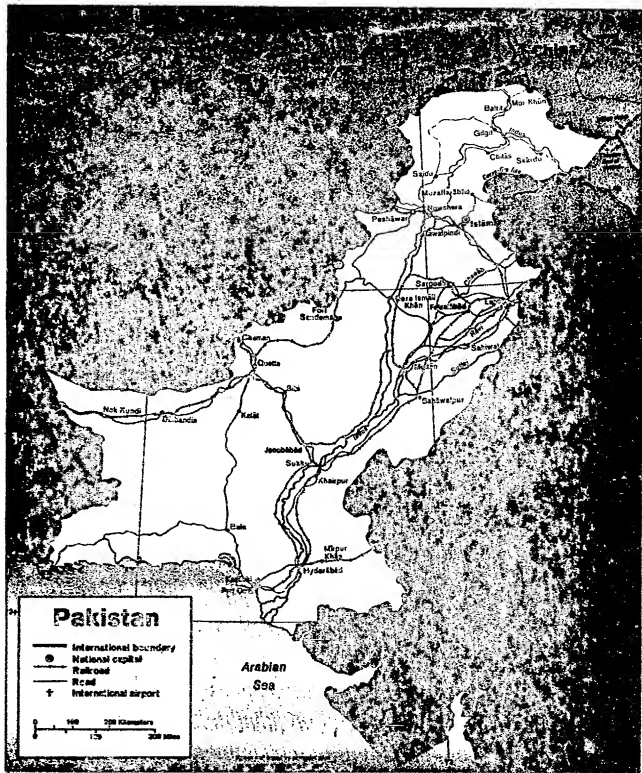
**Fiscal year:** July 1-June 30.

**Official exchange rate** (Sept. 1986): approx. 17 rupees=US\$1.

**Economic aid received:** *Total*—approximately \$36 billion (1947-86). *US only* (1947-85)—approx. \$5.6 billion. **Major donors:** Aid to Pakistan consortium—US, Canada, Japan, some West European countries, World Bank, Asian Development Bank, Saudi Arabia.

### Membership in International Organizations

UN and some of its specialized and related agencies, including the World Bank, International Monetary Fund (IMF), International Court of Justice, General Agreement on Tariffs and Trade (GATT), Food and Agriculture Organization (FAO), International Development Association (IDA), International Atomic Energy Agency (IAEA), International Civil Aviation Organization (ICAO), International Finance Corporation (IFC), International Telecommunication Union (ITU), UN Educational, Scientific and Cultural Organization (UNESCO), Universal Postal Union (UPU), World Health Organization (WHO), World Meteorological Organization (WMO); IHO; IMCO; USG; WTO; Non-aligned Movement; Organization of the Islamic Conference (OIC); South Asia Association for Regional Cooperation (SAARC).



## GEOGRAPHY

Pakistan extends from the Arabian Sea 1,600 kilometers (1,000 mi.) northward across the Thar Desert and eastern plains, to the Great Himalayan Mountains. It borders Iran, Afghanistan, China, and India, but parts of its boundaries with India and Afghanistan are disputed. The Indus River and its tributaries form the fertile and intensely cultivated Indus Valley. Pakistan is hot near the coast but is more temperate in the northeastern uplands. Annual rainfall varies widely but averages less than 25.5 centimeters (10 in.), and temperatures range from below freezing to 49°C (120°F).

Pakistan has four provinces—Punjab, Sind, Northwest Frontier, and Baluchistan—as well as several centrally administered tribal areas located in the Northwest Frontier Province and federally administered Northern Territories.

## PEOPLE

Most Pakistanis live in Karachi, in the Indus River valley, and along an arc formed by the cities of Faisalabad, Lahore, Rawalpindi/Islamabad, and Peshawar. Punjabis are in the majority, with minorities of other Indo-European-speaking peoples.

The official language is Urdu, but it is spoken as a first language by only 9% of Pakistanis; 66% speak Punjabi, 11% Sindhi, and 24% other languages (Saraiki, Baluchi, Brahui). Urdu, Punjabi, Pushtu, and Baluchi are of the Indo-European language group; Brahui is believed to have a Dravidian (pre-Indo-European) origin. English, widely spoken, is used within the government, the military, and in many institutions of higher learning. The government plans gradually to replace English with Urdu in schools and to introduce Arabic for Islamic studies.

## HISTORY

In the 7th century A.D., Muslim sailors reached the coast of Sind, bringing Islam with them. They temporarily conquered Sind in the early 8th century. Between the 11th and 18th centuries, Afghan and Turkish invaders gradually spread their influence from what is now Afghanistan across most of northern South Asia, as

far east as Bengal. Although large numbers of South Asians converted to Islam during this long period, Muslims in the subcontinent remained a minority, and Islam failed to penetrate predominantly Hindu southern India.

The British arrived in 1601 but did not exert control over what is now India until the latter half of the 18th century. After 1850 the British, directly and indirectly, controlled virtually the entire subcontinent, including most of what is now Pakistan. In the early 20th century, Muslim and Hindu leaders began to agitate for a bigger voice in Indian (i.e., subcontinental) affairs. The largely Hindu Indian National Congress then formally petitioned Britain for a greater degree of home rule.

To present their position more effectively, a number of Muslim leaders formed the All-India Muslim League in 1906. In 1913, the League adopted the same goal as the Indian National Congress: self-government for India within the British Empire. The Congress and the League failed to agree on a formula for the protection of Muslim religious and economic rights and representation in an independent Indian government. Mounting tension over the question of a proper Hindu-Muslim relationship led to a series of bitter communal disturbances, which recurred in India at intervals from 1920 until the outbreak of World War II.

### Pakistan and Partition

The idea of establishing Pakistan as a separate Muslim state by a partition of India developed in the 1930s, especially after the popular elections of 1937. On March 23, 1940, Mohammed Ali Jinnah, leader of the Muslim League, publicly endorsed the "Pakistan Resolution" in an address in Lahore.

At the end of World War II, the United Kingdom, suffering from the effects of the war, took the final steps to grant India independence. The Congress (party) and the Muslim League could not, however, agree on the terms for drafting a constitution or establishing an interim government. In June 1947, the British Government declared that it would grant full dominion status to two successor states—India and Pakistan. Pakistan would consist of the contiguous Muslim-majority districts of British India, Bengal and the Punjab would be partitioned, and the various princely states could freely accede to either India or Pakistan. This resulted in a bifurcated Pakistan separated by more than 1,600 kilometers (1,000 mi.). Pakistan became a self-governing dominion within the Commonwealth on August 14, 1947.

### After Independence

Massive population movements accompanied the partition of the Indian subcontinent in 1947; communal bloodshed followed, resulting in the loss of uncounted thousands of lives. Some 6 million Muslims fled to Pakistan, and about as many Hindus and Sikhs fled to India—probably the largest population transfer in history.

The death of Jinnah in 1948 and the assassination of Prime Minister Liaquat Ali Khan in 1951 eliminated two able leaders and dealt a serious blow to the nation's political development. The instability that followed brought frequent partisan realignments and Cabinet changes in the central government and in the provinces. After 1954, an economic decline further worsened the political situation.

On March 23, 1956, following adoption by the National Assembly of a new constitution, Pakistan rejected its dominion status and became an "Islamic Republic" within the Commonwealth.

In 1958, a group of senior military officers took control of the nation's affairs. On October 7 of that year, President Iskander Mirza, supported by Army Commander in Chief Gen. Ayub Khan and other officers, proclaimed a "peaceful revolution" and imposed martial law.

With the resignation of Mirza on October 27, 1958, Gen. Ayub assumed the presidency. An indirect election confirmed his position, and on February 17, 1960, he began a 5-year term. President Ayub lifted martial law on June 8, 1962, and the new National Assembly convened in accordance with a new constitution promulgated by Ayub on March 23, 1962.

The first presidential election under the 1962 constitution took place in January 1965, with President Ayub reelected for another 5-year term. In March 1969, after several months of political agitation, Ayub gave up the presidency. Gen. Yahya Khan, Commander in Chief of the Army, imposed martial law, took over as Chief Martial Law Administrator, and suspended the 1962 constitution. On April 1, 1969, he assumed the presidency. Under President Yahya, the martial law authorities stated their intent to restore constitutional rule when internal political conditions had stabilized.

Full political activity legally resumed on January 1, 1970. Elections for a National Assembly and five provincial

legislatures (four in the west, plus East Pakistan) took place in December.

The 318-member Assembly was to adopt a constitution for a new civilian government, but the major unresolved issue remained East Pakistan's role in the reconstituted government. The Awami League, led by Sheikh Mujibur Rahman, won 167 seats all in East Pakistan. Its winning platform emphasized greater provincial autonomy.

This position exacerbated the deep divisions already existing within Pakistan's Government and political leadership. The inability to agree on a mutually acceptable relationship between the central government and East Pakistan had been a long-festering political sore. The crisis erupted when the government postponed the National Assembly session, resulting in massive civil disturbances in East Pakistan.

Last-minute efforts at negotiations failed, and on the night of March 25, 1971, the army began a crackdown on Bengali dissidents in East Pakistan. Mujibur Rahman was arrested and his party banned. Many of his aides fled to India where they established a provisional government. Tensions escalated; a massive flood of refugees crossed into India; and hostilities broke out between India and Pakistan in late November 1971.

Combined Indian-Bengali forces soon overwhelmed Pakistan's small army contingent in the east. By the time Pakistan surrendered in the east on December 16, 1971, India had taken numerous prisoners and gained control of a large area of land.

### The Bhutto Years

Pakistan's defeat resulted in the fall of Yahya Khan on December 20, 1971. Zulfikar Ali Bhutto, whose Pakistan People's Party (PPP) had won a majority of the seats in West Pakistan in the 1970 elections, replaced Yahya. East Pakistan became independent as Bangladesh.

Bhutto moved decisively to restore national confidence. In foreign policy, he was active in Islamic and Third World forums. Although Pakistan did not join the Nonaligned Movement until the Central Treaty Organisation (CENTO) was dissolved in 1979 (after Bhutto's fall), its position on most issues coincided with the goals of nonalignment throughout Bhutto's tenure.

At home, Bhutto formed a political constituency based on rural landlords and urban populists, with a strong appeal to both urban and rural "have-nots." He nationalized major industries and banking. Wages and benefits for

lower income industrial workers rose dramatically. The government also instituted land reform and attempted to restructure the feudal social system still intact in many rural areas, but results never met expectations. In 1973, Bhutto promulgated a new constitution approved by all political elements and stepped down as president to become prime minister.

Although Bhutto never departed from his populist and reformist rhetoric, he increasingly formed alliances with Pakistan's urban industrialists and rural landlords. His rule also grew more authoritarian and capricious. Over time the economy stagnated, largely because of dislocation and uncertainty that resulted from Bhutto's frequently changing economic policies.

When Bhutto called for elections in March 1977, nine leading opposition parties—from the secularist, pro-autonomy National Democratic party (which enjoyed significant support in the Northwest Frontier and Baluchistan) to the conservative, religious *Jamaat-i-Islami*—joined to form the Pakistan National Alliance (PNA). The PNA focused on the alleged inefficiency, corruption, and immorality of the Bhutto regime. Its attack seemed to strike a responsive chord. The outcome appeared uncertain, but Bhutto won two-thirds of the National Assembly seats. The opposition PNA denounced the election as a fraud and demanded new elections. Bhutto resisted and, after a wave of violence swept the country, arrested the PNA leadership. Law and order problems intensified, and Bhutto sought to reach an accord with the PNA. However, despite his offer to hold new elections, an agreement was not reached.

### 1977 Martial Law

The army grew increasingly restive in its role as enforcer of civil order. On July 5, 1977, it removed Bhutto from power, declared martial law, and suspended portions of the 1973 constitution. Chief of Army Staff Gen. Mohammed Zia ul-Haq became Chief Martial Law Administrator and promised to hold new elections within 90 days.

Initially, Zia claimed that he had not directed his action against Bhutto and that Bhutto could contest the election scheduled for October 1977. As the records of the Bhutto regime became available to the Martial Law Administration, however, Zia changed his mind. As

Martial Law Administrator, he postponed the October 1977 elections and began criminal investigations of the PPP senior leadership. Bhutto, released from house arrest earlier along with other political leaders, was re-arrested, tried, and convicted for conspiracy to murder a political opponent, whose father had died in the attack. The Supreme Court upheld the verdict and death sentence, and Bhutto was hanged on April 6, 1979.

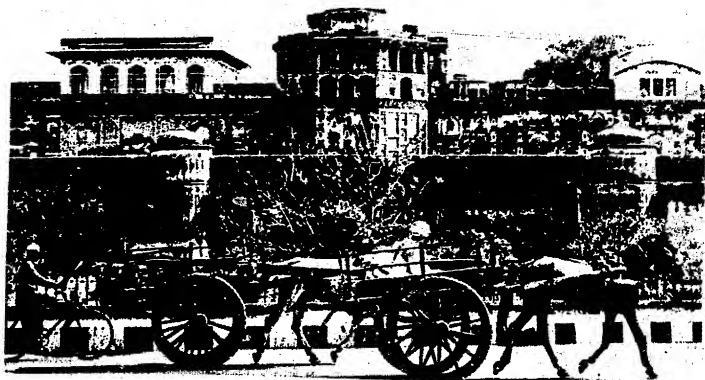
After changing his position about the 1977 elections, Zia began to formalize his regime. He created an Advisory Council formed mostly of technocrats and government servants. In August 1978, representatives of several political parties were introduced into the council, redesignated as a Cabinet. The politicians remained in the government until after Bhutto's execution and the announcement of new elections for November 1979.

On September 16, 1978, Pakistan's President Choudhury resigned his office. Under the terms of the 1973 constitution, the Chief Justice should have assumed the presidency. Claiming that the Chief Justice was too involved in the ongoing Bhutto appeal, Gen. Zia became President. Zia stated that until the elections, he would serve as both President and Chief Martial Law Administrator.

As the elections neared, the regime relaxed some of the constraints on political activity. The PNA had fallen into disarray, leaving the PPP as the strongest party. Failing to devise electoral rules satisfactory to all parties and himself, and fearful of a PPP victory, Gen. Zia announced the postponement of national elections and banning of political activity in October 1979. Non-party elections were held, however, for local bodies. In 1980, most center and left parties, led by the PPP, formed the Movement for the Restoration of Democracy (MRD). The MRD demanded Zia's resignation, an end to martial law, new elections, and restoration of the 1973 constitution as it existed before Zia's takeover.

On August 12, 1983, President Zia announced his intention to end martial law and to hold new elections by March 23, 1985. He also set new elections for local bodies on a nonparty basis for August and September. At the same time, he called for amendments to the 1973 constitution that would serve to increase the power of the president of Pakistan—largely a figurehead in the original document Bhutto had devised when he chose to be prime minister.

Violence erupted after President Zia's announcement. The MRD denounced the nonparty elections and



The Old City, Lahore Fort, and the Shik Mahal.

began a campaign of civil disobedience. The violence, confined to the Sind Province, lasted about 3 months and cost the lives of some 300 persons.

In early December 1984, President Zia proclaimed a national referendum for December 19, asking voters to approve his program of Islamization. He also declared that if voters passed the referendum, they would approve his continuation in office for 5 years from the first sitting of the next National Assembly. Zia's opponents, led by the MRD, called for a boycott. Subsequently, the government claimed a 62.9% turnout, with more than 90% of those who voted approving the referendum. Many outside the government questioned these figures.

Capitalizing on his referendum victory, President Zia announced national and provincial assembly elections for February 25 and 27, 1985. Candidates were required to run on a nonparty basis but were not disqualified because of past party affiliation. Perhaps misjudging the effectiveness of its referendum boycott

and the appeal of new elections, the MRD again urged the voters to stay home. However, several conservative and religious parties, including the Pakistan Muslim League faction headed by the Pir of Pagaro and the *Jamaat-i-Islami*, endorsed the balloting. Continuing a trend begun during the local bodies elections, the MRD suffered numerous defections, as politicians abandoned their parties to stand for office. The boycott failed; most independent observers vouch for the claimed 53% turnout for the National Assembly ballot (with a slightly higher percentage of voter turnout in the provincial elections). The elections generally were free of fraud (as evidenced by the defeat of five serving members of Zia's Cabinet). The boycott failure accentuated MRD divisions and left Zia's opposition in further disarray.

On March 3, 1985, President Zia proclaimed constitutional changes designed to reduce the imbalance of power between the offices of president and prime minister. Subsequently, he named Mohammed Khan Junejo, a Muslim League member, as his choice for prime minister.

The new National Assembly met for the first time on March 23, 1985. The delegates unanimously accepted Junejo

as prime minister. In the course of lengthy debate during the summer and early fall over Zia's proposed eighth amendment to the constitution, which embodied the March decree, the assembly divided into two loose blocs: the proadministration Official Parliamentary Group (OPG), comprising roughly two-thirds of the members; and an Independent Parliamentary Group (IPG).

The amendment passed in October 1985, following agreement between the OPG and IPG on a series of modifications restoring greater powers to the prime minister. The president must consult the prime minister and his cabinet. He cannot dismiss the prime minister without first securing a vote of "no confidence" from the Assembly. After 1990, the president must appoint as prime minister whoever holds the Assembly majority. The president also lost the power generally to dissolve the Assembly at will but retained the right to submit to national referendum "any matter of national importance." The amendment confirmed all actions taken during the martial law period (including decisions of military courts) and exempted them from judicial review.

## Travel Notes

**Climate and clothing:** Lightweight clothing for the hot, dry period which immediately precedes the hot, humid weather of the monsoon rains in July and August; medium-weight clothing for winter, with woollens needed in the north.

**Visas:** Visas are required; obtain before traveling to Pakistan. The land border with India is open to foreigners at Wagah (between Lahore and Amritsar) only on certain days of the week. Due to political problems in India's (east) Punjab State, foreign visitors may not stay in Amritsar but must be escorted in convoy to Ambala (on the Grand Trunk road toward New Delhi). For non-diplomats, this can be done on the 2d, 12th, and 22d of the month. Diplomats should check the procedure to follow with the Indian Embassy or Foreign Office in New Delhi. India and Pakistan require that all cars entering at the border be covered by an international *Carnet de Passage*. On May 1, 1986, China and Pakistan opened the Khunjerab Pass. Travelers must obtain visas and make arrangements through local authorities. The Karakoram Highway, built with Chinese aid and connecting Pakistan and China through the Khunjerab Pass, was opened in the late 1970s.

**Telecommunications:** Adequate internal and external telephone, telegraph, and mail service exists; there is no direct dial for international calls.

**Transportation:** Railroad transportation is adequate. The public bus system is poor. Air service is excellent. Highways are generally crowded, and driving can be dangerous, particularly at night; north-south roads are primitive.

**Tourist attractions:** Greco-Buddhist ruins at Taxila; pre-Indus civilization ruins at Mohenjodaro; K-2 and Nanga Parbat, the world's second and third highest mountains; Jahangir's tomb, the Shalimar Gardens, the Fort, and the Badshahi Mosque at Lahore; and the old cities of Multan and Peshawar.

## 1985—End to Martial Law

On December 30, 1985, President Zia lifted martial law, restoring all constitutional rights safeguarded under the 1973 constitution. He also lifted the Bhutto government's declaration of emergency powers. Immediately before doing so, he issued a final martial law order (MLO 107) revoking most prior martial law orders. In December 1985, the National Assembly amended the Political Parties Act to require all parties to hold internal elections, declare

their finances, and register before participating in elections. The new act also bars Assembly members from changing party registration.

The first months of 1986 witnessed a rebirth of political activity throughout Pakistan. With the lifting of restrictions, all parties—including those that continue to deny the legitimacy of the Zia/Junjo government—have been able to organize and hold rallies. On April 10, 1986, PPP leader Benazir Bhutto returned to Pakistan from exile in Europe.

## GOVERNMENT AND POLITICAL CONDITIONS

The constitution of August 14, 1973, as amended in 1985, provides for a president (chief of state)—elected (after 1990) by an electoral college consisting of the Senate, National Assembly, and the members of the provincial assemblies, and a prime minister—nominated by the president and (after 1990) elected by the National Assembly in special session. Following his election, the prime minister would be invited by the president to form the government.

The National Assembly—247 members elected by universal adult suffrage (207 Muslims, 10 non-Muslims, plus 20 seats reserved for women) has a 5-year term subject to dissolution. The Senate, not subject to dissolution, consists of 84 members indirectly elected for 6 years by the provincial assemblies and tribal councils; another three members are elected from the federal area of Islamabad, as determined by the president. Half of the members stand for reelection every 3 years.

The constitution permits a vote of "no confidence" against the prime minister by a majority of the total Assembly membership, provided that the Assembly is not in the annual budget session.

Two lists—federal and concurrent—specify jurisdiction on legislative subjects; all residual powers belong to the provinces. According to the 1973 constitution, the president, after consultation with the prime minister, appoints provincial governors, who act on the advice of the Cabinet or chief minister of the province. Each province has a high court, with the justices appointed by the president after consultation with the chief justice of the Supreme Court, the provincial governor, and the provincial chief justice. Pakistan's highest court is the Supreme Court. The president appoints the chief justice and, in consultation with him, the remaining justices.

During the martial law period, the powers and independence of the civilian judiciary were curtailed. Various martial law decrees extended the jurisdiction of military tribunals and banned the civilian judiciary from reviewing the functioning and decisions of military courts. Although the military courts were abolished December 30, 1985, under section 270a of the constitution, final decisions of the martial courts cannot be appealed in the civil courts.

## Principal Government Officials

President—Mohammad Zia ul-Haq

Prime Minister—Mohammad Khan Junejo

President of the Senate—Ghulam Ishaq Khan

Minister of Foreign Affairs—Yaqub Khan

Minister of Finance and Economic Affairs—Mohammad Yasin Khan Wattoo

Ambassador to the United States—Jamsheed Marker

Ambassador to the United Nations—Shah Nawaz

Pakistan maintains an embassy in the United States at 2315 Massachusetts Avenue, NW, Washington, D.C. 20008 (tel. 202-939-6200).

## ECONOMY

Pakistan's economy has been expanding at an average rate of almost 7% per year since the reestablishment of economic stability and private-sector growth in 1977. Based on excellent harvests and continued good performance in the industrial sector, the gross national product (GNP) grew by 7.3% in 1985-86. Nevertheless, recourse to deficit financing continues to be a regular feature of Pakistan's economy. Over half of current budgetary expenditures are devoted to defense and accumulated debt. Government revenues come primarily from indirect taxes; customs duties and excise duties account for more than 72% of total tax revenue. In 1984-85, the \$2.5 billion budget deficit equaled 8% of GNP. Although the deficit is estimated to have been less in 1985-86, Pakistan's inability to collect sufficient resources to finance recurring and developmental expenditures continues to be a serious

problems. Pakistan also bears burdens common to many developing countries: a large and rapidly growing population, a highly stratified and traditional society, inadequate social services, and a low level of literacy.

Despite this, Pakistan has the resources to develop a vigorous economy. The private sector appears increasingly confident about prospects for continued political stability. The government has taken initial steps to eliminate some of the regulatory controls which, in the past, have impeded the economy's efficiency and potential. The country boasts the largest contiguous irrigation system in the world. The river system also powers a number of large hydropower stations, although electricity supply still lags behind demand. Fairly extensive natural gas deposits and newly discovered oil reserves also have improved the country's energy outlook. Pakistan's principal resource, however, is its arable land, which, under intensive farming practices, has enabled Pakistan to become a net food exporter.

In 1985-86, export receipts are estimated to have increased by 20.7% to \$3 billion; worker remittances have risen 5.1% to \$2.6 billion; and imports have fallen slightly below \$6.0 billion. As a result, Pakistan increased its foreign exchange reserves and reduced its current account deficit to \$1.1 billion. Pakistan has chronic balance-of-payments difficulties, however, and this year's improved external financial position follows two difficult years. Declining world oil prices, which have reduced the bill for its largest import, also endanger Pakistan's export receipts from the lucrative Middle East market and its remittance income from nearly two million Pakistani workers in the Persian Gulf.

The government has brought the country's banking practices, along with its penal code, into compliance with Islamic law and tradition. New interest-free financing methods are being applied pragmatically and flexibly. To date, there have been no discernible adverse effects on the country's commercial or financial systems.

#### Agriculture and Natural Resources

Agriculture currently accounts for about 25% of Pakistan's GDP and for about 53% of the work force. Although most small farmers practice traditional cultivation procedures productivity has risen since 1977. Production of

## Further Information

These titles are provided as a general indication of the material published on this country. The Department of State does not endorse unofficial publications.

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Available from the Superintendent of Documents, US Government Printing Office, Washington, DC, 20402.

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Pakistan's most important crop, cotton, reached an all-time record of 7.1 million bales in 1985-86, and wheat production increased by 15.3% to a record 13.5 million metric tons. The harvests from rice and sugar, Pakistan's other principal crops, were below target.

Despite the presence of mineral deposits, mining development lags. Newly discovered deposits of limestone, graphite, and copper are being exploited. Pakistan increased domestic production of crude oil from an average of 13,000 barrels per day (b/d) in 1983 to 42,000 b/d at the end of 1985.

#### The Indus Basin

The Indus River basin contains the world's largest irrigation system. In 1947, the waters of the Indus system were divided, giving India control of most of the river's upstream reaches. By 1960, a settlement was negotiated under the auspices of the International Bank for Reconstruction and Development (World Bank) and presented as the Indus Waters Treaty. The arrangement allocated the waters of the three western rivers to Pakistan and the waters of the two eastern rivers to India. Under the terms of the settlement, Pakistan has constructed an extensive system of dams (including Tarbela—the world's largest earthfill dam), linkage canals, and barrages.

Contributions from the World Bank, the United States, and several other countries have helped cover foreign exchange costs of these irrigation projects.

#### Industry

At independence, Pakistan had little industry. During the 1950s and 1960s, manufacturing developed rapidly, and a broad industrial base now produces a wide range of products. Cotton textile manufacturing is the most important single industry. Other major industries include food processing, chemicals, fertilizer, pharmaceuticals, steel, petroleum refining, tires, cement, and transport.

Industrial production stagnated during the mid-1970s, in reaction to a wave of nationalizations and antibusiness policies of the government. In 1977, a reversal of those policies began. Industrial production has responded to the improved economic climate, and manufacturing has continued to grow at an average rate of 8%-9% since 1979.

#### Foreign Trade

Pakistan imports crude oil, vegetable oil, tea, fertilizers, capital goods, industrial raw materials, and consumer items. Japan was Pakistan's primary supplier in 1985-86, followed by the United

States, West, Germany, Saudi Arabia, and Kuwait.

Pakistan's exports, dominated by raw cotton, rice, and cotton textiles, expanded in 1985-86. Last year's excellent harvest resulted in an exportable surplus of raw materials. Exports to the United States totaled \$307 million in 1985-86; other important customers were Japan, Saudi Arabia, West Germany, and the United Kingdom.

### Foreign Economic Assistance

Since 1947, Pakistan has received more than \$36 billion in foreign economic aid; the United States alone has provided \$5.6 billion during the period. In April 1979, the United States suspended aid (except for food) in reaction to Pakistan's pursuit of a nuclear program outside the scope of nuclear safeguards.

Following the Soviet invasion of Afghanistan in December 1979 and Pakistan's assurances that it was not making a nuclear bomb, the United States and Pakistan in 1981 agreed on a multiyear, \$3.2 billion economic and security assistance program. Congress voted a waiver through 1987 of the cutoff in aid mandated by the Symington Amendment to the Foreign Assistance Act, and approved the aid package. A second, 6-year, \$4.02 billion agreement running through 1993 has been negotiated, which will sustain the pace of armed forces modernization and expand economic aid. It also will require a waiver from Congress of Symington Amendment provisions, plus annual congressional appropriations.

### DEFENSE

Pakistan's 430,000-man armed forces, the world's seventh largest, are well-trained and disciplined. Pakistan operates military equipment from several foreign sources—United States, China, France, United Kingdom, and others; most of it is outdated. Although it has made considerable efforts to expand defense production and has achieved self-sufficiency in most types of ammunition, Pakistan has been inhibited in its attempts to modernize its defense capabilities by its relative lack of financial resources and domestic arms production facilities.

The 1981 U.S. decision to provide security assistance to Pakistan recognized, in large measure, the threat to its security posed by the Soviet invasion of Afghanistan. To assist in modernizing Pakistan's military establishment, the United States allocated roughly half (\$1.575 billion) of its 1981 aid program

for military assistance credits and, subject to congressional approval, has earmarked about 43% of the \$4.02 billion follow-on program for foreign military sales credits.\* Pakistan itself has provided extensive military technical assistance to friendly Arab states.

### FOREIGN RELATIONS

Pakistan is a nonaligned country, a prominent member of the Organization of the Islamic Conference (OIC), and an active participant in the United Nations. Its foreign policy encompasses historically difficult relations with India, opposition to the Soviet occupation of Afghanistan, longstanding close relations with China, extensive security and economic interests in the Persian Gulf (including cordial relations with Iran), and wide-ranging security and economic relations with the United States.

#### India

Relations between Pakistan and India reflect centuries-old Muslim-Hindu rivalries and suspicions. Although many issues divide the two countries, the most sensitive one since independence remains the status of Kashmir.

At the time of partition, Kashmir, although ruled by a Hindu maharajah, had an overwhelmingly Muslim population. When the maharajah hesitated in acceding to either Pakistan or India in 1947, some of his Muslim subjects, aided by tribesmen from Pakistan, revolted in favor of joining Pakistan. The Kashmiri ruler offered his state to India in return for military aid in crushing the revolt. Indian troops took the eastern portion of Kashmir, including its capital, Srinagar, while the western half came under Pakistani control.

India took its dispute with Pakistan over Kashmir to the United Nations on January 1, 1948. One year later, the United Nations arranged a cease-fire along a line dividing Kashmir roughly in half but leaving the northern end of the line undemarcated and the Vale of Kashmir (with the majority of the population) under Indian control. India and Pakistan agreed to hold a U.N. supervised plebiscite to determine the state's future, but over time India proved unwilling to implement this commitment.

\*U.S. military grant aid from 1955 to 1965, the only other period of extensive security assistance, totaled more than \$650 million.

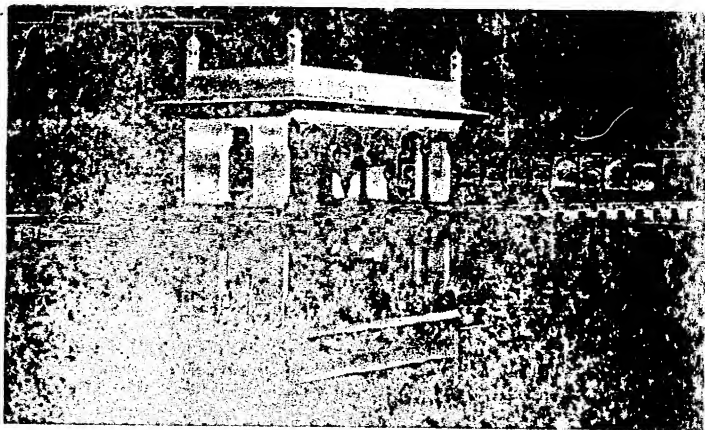
The years since then have witnessed a series of skirmishes along the cease-fire line. Full-scale hostilities erupted in September 1965, when India alleged that Pakistani-trained and -supplied terrorists were operating in India-controlled Kashmir. Hostilities ceased 3 weeks later, thanks largely to the efforts of the United Nations and friendly nations. In January 1966, Indian and Pakistani representatives met in Tashkent, U.S.S.R., and agreed to work for a peaceful settlement of the Kashmir dispute and of other differences separating the two countries. Kashmir, however, still remains an unsettled dispute between India and Pakistan.

Relations between India and Pakistan deteriorated further during the early 1970s as the crisis in East Pakistan grew worse, culminating in the 1971 war, which ended with the emergence of an independent Bangladesh.

In July 1972, President Bhutto and Indian Prime Minister Indira Gandhi reached agreement at a meeting in the mountain town of Simla on the withdrawal of forces from occupied territories, delineation of most of the line of control in Kashmir, and settlement of disputes bilaterally by peaceful means. An impasse over the issues of repatriation of Pakistani prisoners of war (POWs) and the recognition of Bangladesh by Pakistan was resolved in August 1973, when India and Pakistan agreed to the repatriation of all but 195 Pakistani POWs, against whom Bangladesh had made war-crimes accusations, along with a substantial number of non-Bengalis (Biharis) from Bangladesh. With Pakistani recognition of Bangladesh in February 1974, the remaining 195 POWs and a limited number of Biharis returned to Pakistan. In 1974, Pakistan and India agreed to reestablish postal and telecommunications links and measures to facilitate travel. After a hiatus of 5 years, trade and diplomatic relations were restored in 1976.

There are continuing strains, however, in bilateral relations over defense and internal security matters, communal concerns, and economic issues. In 1983, the two nations exchanged charges that each was aiding the other's separatists, i.e., Sikhs in India's (east) Punjab State and Sindhis in Pakistan's Sind Province. India accused Pakistan of sympathizing with Sikh separatists after the Indian Army expelled them from the Golden Temple in June 1984. In addition, conflict arose between Indian and Pakistani troops in the Siachen Glacier region of remote, northern Kashmir, and New Delhi sharply criticized Pakistan's alleged clandestine nuclear weapons program.





Shalimar Gardens in Lahore.

Tensions diminished as Rajiv Gandhi replaced his assassinated mother as Indian Prime Minister in November 1984, and long-held Sikh leaders were brought to trial by Pakistan in March 1985. In December 1985, President Zia and Prime Minister Gandhi pledged that neither would launch a first strike against the other's nuclear facilities. High-level talks began in early 1986 to resolve the Sialkot-Chenab border dispute and to improve trade. Efforts since 1981 to reconcile a Pakistani proposal for a no-war pact with an Indian proposal of a treaty of friendship and cooperation have been revived, but as of late 1986, the two countries had not reached agreement.

These issues, and particularly unrest in India's (east) Punjab State, are likely to continue to impede efforts to improve Indo-Pakistani relations. Pakistan is also concerned about continued escalation of the Soviet-Indian military relationship, which, it charges, invites greater Soviet interference in South Asian affairs, emboldens New Delhi to pursue a long-range goal of dominating the subcontinent,

and arms India beyond its needs. For its part, India has long replied that Pakistan's U.S. links bring "cold war" politics to the region. India has expressed its repeated concern over Pakistan's efforts to modernize its defense capabilities and the alleged threat posed to India by U.S.-supplied military equipment in Pakistan.

#### Afghanistan

The April 1978 coup in Afghanistan, which installed a pro-Soviet regime in Kabul, posed a direct threat to Pakistan's security. The Soviet invasion of Afghanistan in December 1979 and the unjustified fighting it created turned the trickle of refugees fleeing into Pakistan from Afghanistan into a flood. Today, there are at least 2.5 million Afghan refugees in Pakistan. The Government of Pakistan, in cooperation with the world community, has undertaken a massive refugee relief effort to care for the invasion's victims. The United States has provided nearly \$500 million in humanitarian assistance, mainly through multilateral organizations.

Soviet and Kabul regime aircraft

regularly violate Pakistani airspace and have bombed and strafed refugee camps and Pakistani villages, killing and injuring Pakistani civilians as well as refugees. These attacks increased in 1985 and 1986.

For 6 years the UN General Assembly, with increasing majorities, has voted for a Pakistani-sponsored resolution calling for the complete withdrawal of foreign forces from Afghanistan, return of the refugees to Afghanistan, a nonaligned Afghan foreign policy, and self-determination for Afghanistan. Since 1982, Pakistan has engaged in UN-sponsored talks aimed at resolving the Afghan conflict. Although there has been some progress in the proximity talks between Pakistan and the Kabul regime, the Soviet Union has yet to address the central question of providing a reasonable timetable for withdrawing its troops. Pakistan asserts that the withdrawal must be completed in a matter of months; the Soviets talk in terms of years.

## **Soviet Union**

Following a long effort by Ayub Khan to improve relations with Moscow, Pakistan interpreted Soviet sponsorship of the Tashkent meeting after the 1965 Indo-Pakistani war as an indication that the Soviets wished to reciprocate, despite Pakistan's earlier membership in the Baghdad Pact and in SEATO (South East Asia Treaty Organization). Trade and cultural exchanges between the two countries increased between 1966 and 1971.

With the beginning of the East Pakistan crisis in March 1971, however, Soviet criticism of Pakistan's position led to a cooling of relations. To many Pakistanis, the August 1971 Indo-Soviet Treaty of Friendship, Peace and Cooperation seemed directed against Pakistan and encouraged Indian belligerency. Subsequent billions of dollars worth of Soviet arms sales on concessional terms to India—in addition to all the Soviet arms sales of the 1960s—convinced many Pakistanis of the correctness of this view.

The 1979 Soviet invasion of Afghanistan renewed Pakistani suspicions about Soviet intentions in the region and soured bilateral relations. Pakistan has steadfastly remained in the forefront of those nations calling for a peaceful and honorable solution to the crisis.

## **People's Republic of China (P.R.C.)**

Pakistan recognised the People's Republic of China (P.R.C.) in 1950 and was among the first countries to do so. Following the Sino-Indian hostilities of 1962, relations with China grew much closer. The two countries have concluded a variety of agreements and regularly exchange high-level visits.

Good relations with China—which Pakistan considers its most reliable friend—are an essential element of its foreign policy. Pakistan views the P.R.C. as a counterweight to India and the Soviet Union. The P.R.C. has strongly supported Pakistan's opposition to Soviet aggression against the people of Afghanistan. It has provided economic, military, and technical assistance to Pakistan.

## **Iran and the Gulf**

Pakistan has longstanding geopolitical, historical, and cultural-religious ties with Iran. The two countries enjoyed cordial relations during the Shah's reign and cooperated on regional defense through

the Central Treaty Organization (CENTO). Since the Iranian revolution in 1979, Pakistani-Iranian relations have been sensitive to Iran's interest in exporting its new principles and in seeking greater support for Iran vis-a-vis Iraq.

Pakistan's relations with Iran also are influenced by its extensive religious, security, and economic relations with Saudi Arabia and other Arab gulf states. Pakistan provides military personnel to strengthen their defenses and to reinforce its own security interests in the area. Although the number of Pakistani workers in the gulf has declined in recent years, they still represent an important source of foreign earnings for Pakistan.

## **U.S.-PAKISTAN RELATIONS**

The United States and Pakistan established diplomatic relations in 1947. With the agreement to provide U.S. economic and military aid in 1954 and Pakistan's participation in the Baghdad Pact/CENTO and SEATO, relations between the two nations grew close. When the United States suspended military assistance to both sides during the 1965 Indo-Pakistani war, Pakistan was more severely affected than India because of its greater dependency on the United States. (The United States claimed the arms provided had been misused.) As time passed, relations gradually improved between the countries, and the embargo on arms sales was completely lifted in 1975.

Strains continued, however. In November 1979, false news reports—fanned by the Khomeini regime in Iran and repeated by Moscow—that the United States had participated in the seizure of the grand mosque in Mecca, led to a mob attack on the U.S. Embassy in Islamabad; the embassy was burned and six persons died, four of them U.S. employees. The American cultural centers in Rawalpindi and Lahore also were destroyed. Despite an apology from the Pakistan Government, relations between the countries reached an all-time low.

Following the December 1979 Soviet invasion of Afghanistan, the United States restated its strong support for Pakistan's territorial integrity. The invasion highlighted the interest both countries have in peace and stability in the

region and the belief that the world community must find a just and peaceful solution to the crisis.

In 1981, the United States and Pakistan agreed on a multiyear, \$3.2 billion military and economic aid program aimed at helping Pakistan deal with the heightened threat to security in the region and its economic development problems. The U.S. Congress subsequently waived the Symington Amendment restrictions on aid to Pakistan in view of overriding U.S. national interests and the Pakistani Government's assurances that it was not seeking to construct a nuclear weapon. In March 1986, the two countries agreed to a 6-year, follow-on \$4.02 billion economic development and security assistance program for U.S. fiscal years 1988-93, subject to U.S. congressional approval.

## **Principal U.S. Officials**

Ambassador—Deane R. Hinton  
Deputy Chief of Mission—John T. McCarthy  
Defense Representative—Brig. Gen. George Baxter  
Director, USAID Mission—Eugene Staples  
Public Affairs Officer (USIS)—Kent Obee  
Counselor for Economic Affairs—Lauralee Peters  
Counselor for Political Affairs—John Wolf  
Consul General, Karachi—Larry Grahl  
Consul General, Lahore—Albert Thibault  
Consul, Peshawar—Alan Eastham

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